

**FISCAL YEAR 2007 CIVIL WORKS BUDGET
PRESS CONFERENCE
Washington, D.C.
Monday, February 6, 2006**

CAROL SANDERS: Welcome to the press conference for the President's fiscal year '07 Civil Works budget.

This is an on-the-record press conference. We also have a court reporter here who will be posting a copy of the transcript tomorrow afternoon.

The session's also being videotaped and being broadcast in our building via IPTV.

So I think the people at the -- let the people at the table introduce themselves.

MS. CLAUDIA TORNBLUM: Claudia Tornblom, Deputy Assistant Secretary of the Army, Management and Budget.

MR. JOHN PAUL WOODLEY, JR.: John Paul Woodley, Assistant Secretary of the Army, Civil Works.

LIEUTENANT GENERAL STROCK: Lieutenant General Carl Strock, I'm the Chief of Engineers.

MAJOR GENERAL RILEY: Major General Don Riley, Director of Civil Works.

MR. LOEW: Gary Loew, the Chief of the Civil Works Program, Integration Director.

MS. SANDERS: Thank you.

We're going to have a couple of short statements from Mr. Woodley and General Strock, and then we will open up the floor to questions.

Mr. Woodley.

MR. WOODLEY: Thank you, Ms. Sanders.

I want to, I wanted to do two things before I -- the first is to express our appreciation to Carol.

As many of you are aware, this is to be the last of these budget press conferences that Carol will have presided over during a long and very experienced career in Civil Works and public -- public affairs for Civil Works and, indeed for, the Corps of Engineers as a whole.

And so this is the third that -- I don't have much of a frame of reference, since this is only the third, but I personally think that she's done tremendous job for all that time. We will miss her very much.

So I ask that we give a round of applause to Carol.

(Applause.)

MR. WOODLEY: The second thing I'd like to mention is I think that it will be remiss for me or anyone else associated with this program not to take every opportunity to look back on the year 2005 as a year of incredible challenge for the Corps of Engineers, both at home and abroad.

It would have been a year of incredible challenge just in the effort that the Corps and Civil Works volunteers -- volunteer civilians and particularly from the Civil Works program -- assisting with the enormous effort of reconstruction in support of the Global War on Terror in Afghanistan and in Iraq, in which they have continued a mission and performed magnificently.

It would have been a year of challenge if all we had to deal with were the second year of four hurricanes striking the peninsula of Florida, which is a circumstance which has almost gone unnoticed in the rest of the country, but which I assure you -- I recently returned from there -- is anything but unnoticed on the peninsula itself.

And finally, it would have been, without any of that, a year of enormous challenge if we had just been faced with the incredible devastation caused by the two Category Five hurricanes that developed in the Gulf of Mexico and struck first -- developed in the Atlantic -- first Florida and then Louisiana and the Gulf coast, and then the other struck over towards the Texas/Louisiana border.

But I'm here to say, having observed the response that the soldiers and civilians and Corps of Engineers have made to all those challenges, that this nation has every right to be proud of their Corps of Engineers for the way they managed, the way they responded to the challenges in 2005.

And I know that speaking for Secretary Harvey, who we actually heard from in his context at our gathering that we had on Saturday, Secretary Rumsfeld, for President Bush, in expressing deepest appreciation and our most profound pride in the performance of the soldiers and civilians of Corps of Engineers during calendar year 2005.

(Applause.)

MR. WOODLEY: So thank you for coming. I'll read from here on.

Thank you for coming today. It is my pleasure to be here with you to discuss the President's fiscal year 2007 budget for the Civil Works program of the Army Corps of Engineers.

This budget funds work around the nation, other than Gulf coast recovery for last year's hurricane.

That hurricane recovery work is proceeding with \$2.9 billion we recently received in the third emergency Supplemental Appropriations Act, which was itself on top of \$400 million appropriated in an earlier act.

Currently, we are working with others in the administration to develop a fourth emergency supplemental appropriations request to cover the remaining hurricane recovery work that requires further Congressional authorization, in addition to the provision of funding.

The budget includes a total of about \$4.7 billion in Federal funding. This is the highest budget ever proposed for the Civil Works program and represents a 5 percent increase from the President's fiscal year 2006 budget for Civil Works.

The budget emphasizes three activities; the first is the construction and completion of high performing water projects in the Corps' primary mission of commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The second is the regulatory program for the nation's waters and wetlands. The third is preparedness, response and recovery from flood and coastal storm emergencies.

The guidelines for selecting the high performance construction projects for funding have been modified slightly from last year. For flood and storm damage reduction projects, risks to human life are considered along with economics.

Among aquatic ecosystem restoration projects, priority is given to those that are cost effective to help restore aquatic ecosystems of regional or national significance, and that either remedy impacts from existing Civil Works projects or require the Corps' unique expertise in modifying the aquatic regimes of watersheds.

Using the construction guidelines, the budget provides funding to complete 14 projects and to initiate the Washington, D.C. and vicinity project. The budget also funds 76 ongoing projects, including 10 dam safety assurance and seepage correction projects and six national priority projects in the construction account, such as the restoration of the Everglades in Florida. In all, 91 projects are funded for construction.

The budget includes about \$50 million for a group of 10 lower-performing, formerly-budgeted projects. Now, this funding would be used in each case to complete the ongoing contract or to terminate it and pay the federal share of settled claims, whichever is less costly.

The budget reassigns about \$340 million of work at operating Civil Works projects from the Construction account to the Operation and Maintenance account. The reassigned work includes rehabilitations, compliance with the Endangered Species Act, disposal and beneficial use of materials from maintenance dredging, and mitigation of navigation project impacts on shorelines.

So when examining the Construction and Operation and Maintenance accounts, we must exercise caution in comparing fiscal year 2007 to previous fiscal years. For instance, the amount

for the Construction account is lower than the amount in the fiscal year 2006 budget. However, if one includes the reassigned work that I've just described, the budget for construction-type activity is nearly \$1.9 billion which, once again, is the highest ever submitted to Congress by any President.

The amount proposed for the two accounts to fund inland waterway construction and rehabilitation is nearly \$400 million, also the highest ever submitted to Congress. Half of the funding for this purpose would come from the Inland Waterways Trust Fund.

The budget continues the policy of funding federal participation in beach renourishment only when it is needed to mitigate the impacts of federal navigation projects. The budget does not fund federal participation in beach refurbishment to combat natural erosion.

The budget focuses funding for navigation maintenance and rehabilitation on those harbors and waterway segments that support high volumes of commercial traffic, including the Mississippi, Ohio and Illinois waterways. The budget also funds harbors that support significant commercial fishing, subsistence, or public transportation benefits.

The President's budget provides \$173 million to the Corps' regulatory program to protect wetlands and other waters of the United States. This represents a \$15 million increase compared to fiscal year 2006 appropriations, and a 20 percent increase in budgeted funding for the Corps' wetlands regulatory program over the last three years.

From the flood -- I'm sorry, for the flood control and coastal emergencies account, the budget proposes \$81 million. This figure approximates the average annual cost of this program through fiscal year 2005.

The budget provides 95 -- I want to digress on that. This means it does not include any adjustment for the events of late fiscal year 2005, including Katrina, Wilma and Rita.

So that the -- we budgeted it on the same basis as we budgeted it for FCCE last year. We have funding in the account to respond to -- first of all, to cover all our training requirements, equipment requirements, and respond to some flood and coastal emergencies.

The budget provides \$95 million for studies, design and related work. This includes \$25 million to continue planning and design for the Louisiana coastal area program. Also included is \$20 million to prepare a national inventory and database of flood and storm damage reduction projects, and to develop and test methods to assess project structural and operational integrity and the associated risks.

The budget also funds the development of economic models for navigation and benefit evaluation methods for aquatic ecosystem restoration.

The budget for operation and maintenance work has been revamped completely. Proposed funding is consolidated according to Civil Works mission areas, such as commercial navigation and flood damage reduction for each of the 21 major river basins in the United States.

The specific projects that would receive funding in each basin are also identified by name.

Should the operation and the maintenance work be funded in the manner presented, managers in the field will be better able to adapt to uncertainties and changed conditions throughout the fiscal year, consistent with budget and appropriations decisions.

For future fiscal years, we plan to not only present the budget by basin or system, but also to develop the budget in the first place based on basin and system. We're also continuing to develop risk-based indices and asset management systems.

These actions, together with the reassignment of rehabilitations and other work to the operation and maintenance account, will enable us to better manage Civil Works assets in the future.

In summary, ladies and gentlemen, this budget was developed using performance-based budgeting in line with the President's management principles. It is a frugal budget that reflects the priorities of a nation at war.

As in past years, it does not fund all of the good the Corps of Engineers is capable of doing, but it does move ahead with many important investments that will yield enormous returns for the nation's citizens.

Thank you for your attention.

Carol.

MS. SANDERS: Lieutenant General Strock.

LT. GEN. STROCK: I'd like to begin also by associating myself with the Secretary's remarks on Carol Sanders' great service to the Corps, to the nation. Carol, thank you.

Ladies and gentlemen, good afternoon.

I'm pleased to be here today with Mr. Woodley to present the President's budget for the U.S. Army Corps of Engineers for fiscal year 2007.

I'm going to call attention to a few aspects of the Civil Works budget but first, let me follow the Secretary's lead and say a few words about the U.S. Army Corps of Engineers and our role in serving the nation and its armed forces.

We are privileged to be part of an organization that directly supported the President's priorities of winning the war on terror, securing the homeland and revitalizing the economy.

Corps employees are proud of their service to this great nation and its citizens, and are proud of the role we play in the international support of America's foreign policy.

Over the past year, the expertise and experience of Civil Works program employees has proven invaluable to America and many other parts of the world.

Internationally, we are committed to the monumental task of helping to rebuild the infrastructure and economies of Iraq and Afghanistan. Our civilians and soldiers continue to contribute to our nation's goals of restoring security and quality of life to all Iraqis and Afghans as they pursue democracy and freedom.

On a daily basis, projects accomplished by the Corps of Engineers make a difference in those nations and are visible signs of progress and hope for the future.

Turning to here at home, more than 8,000 USACE volunteers from around the nation have joined partners from other federal agencies and deployed to help citizens and communities along the Gulf Coast in the aftermath of hurricanes Katrina, Rita and Wilma.

Even now, more than five months after Hurricane Katrina, 2,000 USACE employees continue to execute our FEMA-related disaster recovery mission along the Gulf Coast and to accomplish the crucial restoration of the New Orleans area hurricane protection system.

I could not be any prouder of the Corps' wonderful men and women that work daily to improve our nation's security, economic prosperity and environmental quality.

The fiscal year 2007 budget is reflective of the President's priorities in the Civil Works program. We are keenly aware that the President has many needs to address in the national budget, and the Corps must find ways to execute the Civil Works budget as efficiently and effectively as possible.

As Mr. Woodley noted in his comments, this budget allows USACE to focus the greatest percentage of its resources toward completion of projects that will provide high return on our nation's investment.

The fiscal year 2007 budget provides significant funding for the Corps to work on 63 very high performing construction projects, and enables us to continue work on 23 -- 28 other high return projects with existing contracts. Eight projects continue to be identified as national priorities.

Last year's ninth national priority construction project, the West Bank and Vicinity hurricane protection project in New Orleans is one of six projects in the Louisiana coastal area that have been funded to completion in the fiscal year 2006 supplemental.

Our nation's economy will benefit greatly from this budget. A little more than 40 percent of the budget goes to support the nation's navigation network. Navigation is a critical component of the national economy and the national security.

Part of this transportation system is used to deploy military vessels, so this work also supports the war on terror.

Three commercial navigation projects are among the budget's national priority projects: the deepening of the Port of New York and New Jersey, deepening the Oakland Harbor, and continued construction of the Olmsted Locks and Dam in Illinois and Kentucky.

About \$1 billion is allocated to continue operating and performing critical maintenance and navigation projects. This includes initiating two very important rehabilitation projects, the Markland Lock and Dam on the Ohio River, and Lock and Dam 27 on the Mississippi River.

The fiscal year 2007 Civil Works budget transfers several activities to the Operation and Maintenance account from the Construction account. These transfers are designed to improve program accountability and oversight, reflect the full cost of operating and maintaining existing projects, and reflect an integrated investment strategy.

Two of the four national priority projects in the Corps' environmental program, the Columbia – the Columbia River Fish Mitigation – and the Missouri River fish and wildlife projects have been transferred to the Operation and Maintenance account from the Construction account.

Projects for the restoration of the Everglades and South Florida ecosystem and the side channels on the upper Mississippi River continue to be funded in the Construction account.

Nearly \$1.3 billion are allocated to fund flood control and storm damage reduction projects that will directly benefit and protect citizens, homes and businesses. These projects return billions of dollars of flood damage reduction benefits annually on the nation's investment.

One urban flood control project, Sims Bayou in Houston, Texas, is also national priority construction project.

No Louisiana hurricane protection funds or projects are funded in this budget due to the large appropriation provided by Congress in the recent emergency supplemental. The administration continues to work with Congress for future authorizations to continue this critical mission.

Increased funding in the regulatory program will enable the Corps to improve permit processing and compliance, and to upgrade our ability to assess and review wetlands-related projects with a broader watershed approach.

The fiscal year 2007 Formerly Utilized Sites Remedial Action Program budget is \$130 million. We've been very successful in cleaning up these contaminated sites, and much work remains to be done. This funding allows us to continue to make these sites safer for people and the environments around them.

Finally, the budget helps us to further the President's management agenda of creating more efficient and effective government. The application of performance-based criteria to determine which Civil Works projects provide the highest return on the nation's investment is one step toward efficiency.

We continue to implement fundamental organizational and operational changes in how we do business, and I'm confident these changes will improve our service to the American people. We continue to reach out to those we serve and to our partners, and we look for collaborative ways to best manage our nation's critically important water resources.

Thank you for the opportunity to speak with you about the President's fiscal year 2007 Civil Works budget.

Our nation is facing many challenges, and I'm firmly convinced that the U.S. Army Corps of Engineers will continue to contribute to solving those problems today and into the future.

As we have for more than 200 years, the Corps will continue to serve the nation and the armed forces to the very best of their ability.

Thank you again for your interest in the Corps of Engineers and our mission.

Now we'll be happy to take some questions and, Carol, if you'll go over the process.

Thank you.

MS. SANDERS: Thank you, General Strock, and Mr. Woodley.

Before we open the floor for questions, a couple of ground rules.

This is about the Civil Works budget. If you want an update on Katrina, what's going on with Katrina, we're going to have media availability tomorrow morning, and we'll be glad to give you information that will be posted from our New Orleans District.

So let's focus on the Civil Works budget.

This is on-the-record press conference intended for reporters, so we ask if you're not affiliated with the media that you hold your questions until later in the session, until the members of the media have been able to ask their questions so that they can critique for their stories.

If you have a question about a specific project -- we actually don't have General Strock or Mr. Woodley for that long -- so if you have a question about a specific project, if you'd please hold that until the end, and we'll have some members of the Corps staff assist you on how much that particular project got.

When we -- when you put your hand up, please use the microphone. We do have a court reporter, please state your name and your affiliation.

And I think that's -- make sure that you are identifying yourself -- and I think with that, let's start.

ANA RADELAT, GANNETT NEWS SERVICE: Since you opened the door – you mentioned several times that there would be more Katrina money coming into Congress and for the new supplemental the White House is going to unveil in the next week or so.

How much levee money is in the next supplemental is the question, and the second question is, we've got a lot of projects here that are not funded in this budget. I counted roughly more than 200 projects.

Is this an all-time high as far as numbers of ongoing projects that are not funded in the next fiscal budget? My name is Ana.

MR. WOODLEY: Yes. Let's see.

I don't know if we actually set a record. If so, last year, we -- you know, basically last year was the first year we had done it, so it wouldn't surprise me if we were just getting started last year, so this year we probably have set the record.

Wait until next year, though, we have great things in store.

As far as Katrina, that is a great deal of money, much money, a large amount.

MS. RADELAT: How much? And will that take the levee to Hurricane 5 protection?

MR. WOODLEY: Let's see. The most I can tell you is that I would expect you would see a great deal of money. A very large amount of money.

MS. RADELAT: Bigger than the last amount of money?

MR. WOODLEY.: I don't know if it's going to be bigger than the last amount of money or not. It's going to be a great deal of money.

And it is not being formulated with respect to a particular threat event. It's being formulated on the basis of getting the best performance available from the works that we have currently in place.

BILL WALSH, THE TIMES-PICAYUNE: Bill Walsh. I'd like to follow up on that last comment.

MR. WOODLEY: You people don't obey any better than the Corps of Engineers.

MR. WALSH: As far as hurricanes. Could you explain your last comment, she had asked about whether the supplemental protection --

MR. WOODLEY: The proposal, if we're going to come forward with it in the coming weeks or so, is not formulated based on a particular threat, or storm of a particular size.

It is based on answering the question, "What is the best we can do it in a short time to improve the capability and -- and robustness, if that is a word -- the fortitude of the works that we have authority, that we currently have in place, in the region."

MR. WALSH: That is, you're going to --

MR. WOODLEY: Going to make it better. We're going to close canals, we're going to armor areas, we're going to -- floodproof pumping stations and systems, and that's a type of proposal we want to make.

And then having -- you know, and at some point, the question -- we would answer the question, what kind of storm would you expect to see that this will deal with, and that will be -- that will take a long time to tell you that -- because the performance of that engineering would have to be run in the modeling arena against a wide variety of possible threats that it could encounter in size and ferocity of a storm, varied according to the track of the storm. Each track of the storm presents a different challenge to the engineer.

So all that will take more time than I'm willing to allow. I want to get the appropriate -- I want to get the works that we have, and the President wants to get works that we have in place, made as robust and capable as they can be made in the shortest possible time so that we protect against most storms. We'll protect against most storms utterly and we'll protect against almost all storms, against catastrophic dangers.

It will take many, many months to give you the full answer to that, and I don't have many months before I start -- before I want to start this.

LT. GEN. STROCK: If I can just add, the Corps of Engineers, with respect to that, we are still committed to it being on track -- on track to provide by 1 June of '06, which is the beginning of next hurricane season -- configuration of the protection system to their full and authorized design.

And then the work the Secretary talked about, that is making that even better and stronger, will follow as authorization, appropriations goes.

MS. SANDERS: Next question.

JOHN HIGGINS, THE CORPS REPORT: John Higgins, for the Corps Report.

Mr. Woodley, would you elaborate a little bit on your comment on moving the -- some of the projects -- the difference between the construction on O and M and how that's working and what's that all supposed to mean? And especially your -- your comment on improving accountability and oversight.

MR. WOODLEY: Yes. My office has worked very closely -- I'm sorry, improving what?

MS. SANDERS: Accountability.

MR. WOODLEY: Did I say that?

MR. HIGGINS: Yes, you did.

MR. WOODLEY: I think he said that.

LT. GEN. STROCK: I might have said that.

MR. WOODLEY: Let's see, the question concerns the improving, okay.

First of all, my office and the Corps, people that work on the budget and in the Office of Management and Budget work very, very closely on this. They have all assured me that it is not our purpose in formulating the budget and presenting it in this way to absolutely and completely prevent comparison of this budget year over year with any prior budget.

However, they also said that as soon as you get comfortable with this presentation, let me know and I'll change it.

The concern or the concept animating it is that there are certain activities in the construction budget that if understood for their -- in accordance with their purpose and intent, have more to do with the -- with facilitating the operation of other works than they have to do with actually accomplishing missions in the area of navigation, flood control, hydropower, et cetera.

The examples are those -- for instance, the work that we're undertaking on the Columbia River in the (?) region. The work that we're undertaking on the Gulf -- I'm sorry, on the Great Lakes -- coast of the Great Lakes, the Indiana Harbor confined dredged material disposal facility. Work that concerns the beneficial use of dredged material in some instances. All these are actually intended to facilitate the operation of activities of projects within the major mission areas.

And so we have felt that it was a more accurate expression of the purposes and intent of the projects to take them into the Operation and Maintenance budget.

We have done something similar with the -- in the area of our major rehabilitation which had been formulated and justified as construction projects. In some cases, that appeared to be excessive. And they were not being properly -- either properly formulated or properly funded and supported within the construction budget. So we've taken major portions of those and returned them or placed them into the maintenance -- Operation and Maintenance account.

But I -- as I say, it is not our intent -- I'm sure that it is not our intent to utterly prevent comparison of this budget with any prior budget year over year.

Although these actions have been -- they do have that effect, and I will keep my offer to you that when you are comfortable with this presentation, let me know and I'll change it.

BILL LAMBRECHT, ST. LOUIS POST-DISPATCH: Hi. Bill Lambrecht, St. Louis. I have a question for General Strock.

I saw in the President's budget materials today, I think you referred to also, the priority of the Upper Mississippi River navigation system.

Is this budget request at May 27 noted here, is this in lieu of the -- the lock extension money that were (?) in that stalled legislation, or is this in lieu of the requisition on the Mississippi River?

LT. GEN. STROCK: No, Bill. Thanks for asking, I think clearly it's not.

There's recognition that the proposal for lock extension is a very long-term process and effort, and certainly in the interim we need to continue to perform maintenance on these facilities.

So this is a rehabilitation that would be necessary whether or not the lock extensions go forward.

MR. LAMBRECHT: Just to follow up briefly, what do you hope in these minority projects that the President lists, what he hopes to accomplish here?

MR. WOODLEY: Are you talking about the restoration portion of this?

MR. LAMBRECHT: Well, I think its project purpose is commercial navigation.

LT. GEN. STROCK: That kind of goes to the Secretary's remarks on why we have moved some of these projects into the Operations and Maintenance account.

There's recognition that this particular aspect, the evidence of the environmental restoration is mitigation for the construction and operation of these works.

So it's really related to the commercial navigation, not a stand-alone environmental effort, I think.

So it's environmental restoration to compensate for some of the negative impacts the President and Congress responded to.

HARRY COOK, CAPITAL CURRENTS: I have a follow-up question about the move of the funds from the Construction account to the O and M account, and I think I heard somebody mention major rehabilitation.

Does this mean that major rehabilitation would be -- if it's moved to O and M -- would be cost shared out of the Trust Fund? Because if it does, it brings up memories of a move just a couple of years ago to fund some maintenance out of the Trust Fund, and Congress rejected that idea.

I wonder if somebody would sort of comment on what's involved here with the movement of maintenance projects, the affect on navigation over the major elements.

MR. WOODLEY: Thanks, Harry.

I'm understanding that we do not intend by this change to affect those activities that would be funded through the Trust Fund.

That we would intend to manage this such that an activity that was previously managed in the Trust Fund would continue -- or partially funded through the Trust Fund -- would continue to be funded through the Trust Fund. And so, you know, I naturally will be consulting very closely with the Waterway Board to make sure that that -- those lines are well understood.

You know, you're in a gray area there and one that -- on which we have to consistently stay informed and keep dialog, go in to make sure that we don't misunderstand what the users are willing to support, and that they don't misunderstand what works we're proposing to come out of the -- or come out of the cost-shared arena.

So I fully commit to that, and I'm anxious to understand if any of the people that are concerned with the Trust Fund see something about what's being done on the ground that appears to be shifted to one side, one way or another, that it's not our intent, and I'd be delighted to discuss with you, and to hear about that to rectify it if at all possible.

WORTH HAGER, NATIONAL WATERWAYS COUNCIL: This actually sort of follows on Harry's questions.

The party said that in order to be able to fund this project from the Waterway Trust Fund, into O and M, they are going to have to change the law, and what they want to change is make it a no longer construction -- major construction and replacement.

Can you explain to me what that word means now?

MR. WOODLEY: I'm going to have to take the question back.

I don't know that there was a change in law involved, and so I'm understanding that they do not intend to change what comes out of one and what comes out of the other.

But just to -- in terms of the cost share of the Trust Fund, it's not -- there's no raid on the Trust Fund involved in this concept.

So we've had, you know, difficulties with the -- with the major rehabilitation concept and getting it -- funding in a certain context.

And that was hopefully our effort to -- I intend this as an effort to -- to shed some of that major rehabilitation that we've got and to get the work done when it's needed.

So I'll be -- you know, I don't understand the replacement concept with the kind of terminology as you well know to address your question right now.

MR. HIGGINS: On the press release, it mentioned the Corps is developing economic models for navigation and benefit evaluation. Especially related to aquatic restoration.

Is all of this going to be rolled into the AED, and are you now going to be counting environmental enhancement as well as the economic benefits for navigation projects?

MR. WOODLEY: Well, I'll let Don speak to that, then I'll follow-up.

MAJ. GEN. RILEY: I'm not sure exactly of the reference to the language, but in developing the assessment and prioritization of the ecosystem, for the restoration projects, our Corps accounts in planning the national economic development and regional economic development, the ecosystem restoration and others, we'll look at all four of those accounts.

We're attempting to develop viable models for all four of those accounts. That's for selection of a project for a recommendation.

For budgeting purposes, it may be slightly different. It depends on prioritization, but it would not all be rolled into any -- we'll look at those ecosystem restoration projects separate from economic development projects.

Our measurement right now is to keep it simple.

MS. SANDERS: Bill, do you have a question?

MR. LAMBRECHT: It's Bill Lambrecht.

I just wanted someone to perhaps explain a little bit about your \$20 million program to inventory all the levees in the country and flood control construction.

I don't know if -- General Strock, if you could address that, can you give us some sense of what this entails, how many structures they're speaking about here and what you hope to achieve by this.

LT. GEN. STROCK: Thanks, Bill.

The intent there is to address the concern that's been expressed over -- throughout the country about the true level of protection that people enjoy now, and largely stimulated by the events of New Orleans.

The intent there is to conduct a full inventory so we really understand the full dimension of the system out there.

And, as you mentioned, it's not only federal, but it's even down to private flood control projects.

This will provide us a database that we can use to identify performance attributes and ownership, so forth.

And then a methodology to assess structural and operational integrity of the system so that we can really ensure that people in this nation understand the levels and risks they face when there are -- there's potential for flood or storm damage.

MR. LAMBRECHT: Just to follow up, you have any idea of the scope of this, how many levees or structures we're talking about across the --

MR. WOODLEY: I don't personally know the answer to that.

MAJ. GEN. RILEY: I know the Corps has 9,000 miles of levees -- private levees are many times that amount.

And note that the Chief said that this will help have a methodology to assist the structure and integrity.

Then there's the site surveys that we would go back to and see if we can get authorization, appropriations -- site surveys, physical borings of -- sort of borings through the levee.

So this would be just as hard of an effort to inventory, the database.

JOHN DOYLE, WATERWAYS COUNCIL, INC: John Doyle with Waterways Council.

In the budget document that you provided to folks that lists the projects and a regional total for O and M, you mentioned a little bit about shifting the approach that's been taken in the O and M account.

What we have now is 21 different regions, and specific projects included by region with the dollars that are envisioned in the budget for that region broken out by mission area. Or business line.

In the past, of course, each of those projects has had an individual dollar item that accompanied it and, of course, that dollar number is not included for each of the projects in this document. Will there be justification sheets that will address -- a single justification sheet for each of these recommended projects, and will that justification sheet break out the specific dollar amount for each of those projects?

MR. LOEW: I'll answer that.

The answer is -- let me start by maybe speaking a little bit about what we're trying to accomplish here.

We're trying to, I guess, effect some more efficient operations in the management of our Operations and Maintenance appropriations without having every transaction from one O and M project to another be an item that needs to be approved at a higher level.

So we really have two goals that we're trying to accomplish. One is to look at our budgets by region and by system and formulate plans for those regions and those systems, and we really weren't prepared to do that this year. But this is a first step in that direction.

The second step would be to actually allocate the funds to the division commanders by region, as you see them here in this budget, allowing them some flexibility to move money among the additional projects. So that's what we're trying to accomplish.

The specific answer to your question is yes, we will have individual justification sheets and list project by project so you'll be able to -- you'll be able to -- so you will be able to see how we built those regional amounts.

MR. WOODLEY: J-sheets is a term of art. I don't think it was J-sheets, but we will be providing the detail, the data list that will show the data for each project with the estimates of how we arrived at the overall figure.

The interesting thing about these new figures, of course, John, is how we develop them. The budget we would present is supposed to be executed beginning at the end of October -- I'm sorry, at the end of September of the current calendar year and extending to the end of September of the following calendar year.

The estimates that we base this presentation on have been made over the spring and summer of last year.

So that by the time they get to be actually executed, let's just say, that's not a problem if you have the ability to react to those, to changed circumstances really in a regime in which the -- each individual project number is in a Congressional decision, individually decided upon, then that is extremely difficult.

But, the idea -- but when we have -- if we could present these as a comprehensive system-wide statement of what we expect and need for each mission area within those systems, or within that system, then we can budget and prioritize for the operation and maintenance with a much greater ability to deal with uncertainty.

That does not mean that we don't regard -- that we're not going to regard those estimates as important or we're going to disregard them or fail to provide any accountability for how they were formulated or for how they were executed. We're going to -- definitely going to have accountability on that.

And we're going to show the data of how they came to be and then show any changes that had to be made.

But you're aware that we had a very significant issue with the inefficiencies associated with reprogramming within our O and M account over the last couple of fiscal years, and I think it's high time that we address that.

MR. DOYLE: If I can just follow up.

I'm going to open my remarks to region seven. If I have an interest in project Z in region seven, and I know that that project needs \$5 million through O and M based on people's best information today for FY07, how will I know whether or not the -- with the numbers that you have here and the information that you're going to provide, how will I know whether or not the administration supports all \$5 million for that project, \$2 million, or no money for the project?

LT. GEN. STROCK: Let me answer that.

The answer is, we do have this data, and it will be published the next day or two. Not in the form of J-sheets, but we'll put it up on the web site that shows our estimate.

A really important aspect of this is this is a reflection of our attempt to work on a more watershed basis, and rather than optimize that discrete project level, we want to optimize the efficiency of the system as a whole. And this is a step toward doing that. This number represents an aggregation of the requirements generated from below, scrutinized and reprioritized in some case above.

And we now -- we have the number associated, and those will be published and known.

But to underscore the Secretary's point, these are estimates that were developed perhaps with -- years before we actually see the need to make the investment, and so we do need some level of flexibility.

But it is our intent that we have some -- some level of flexibility here to optimize the entire system.

MS. SANDERS: This will be our last question.

DAVID CONRAD, NATIONAL WILDLIFE FEDERATION: Okay. This is David Conrad.

I just wanted to get a little bit of clarification on how we might expect to understand what the proposal will be for -- for wetland restoration in Louisiana.

I see in the budget five million for (?), plus five million for science.

I think some suggestions have been made in the past for more money than that. Would we expect more money from that in the next term?

MR. WOODLEY: Thank you, David.

Now, we have -- the Chief has presented and I have approved and somebody -- have we transmitted it to Congress?

We have transmitted -- I believe we transmitted to Congress the feasibility study for the coast of Louisiana on what we call the Louisiana coastal plan.

And so we are certainly hoping for congressional action on that to give us a greater level of authority.

In the meantime, the funds that we were talking about spending there to sort of continue in the post-feasibility phase, stage of study, of supporting and establishing the scientific plan for a scientific management of the adaptive management regime, which is a very, very important part of the overall plan, we'll do everything we can do without the new authority to advance the plan for Louisiana coastal restoration.

This is, I would say, an effort that is very strongly supported by the administration and one that -- as everyone knows -- the need for it has been underscored by the events of this past summer.

MS. SANDERS: And I think the reporter has another question.

MS. RADELAT: Actually, my question was his question asking about the 25 million, but since I've got another shot --

MS. SANDERS: This is the last question.

MS. RADELAT: I'm really stupid, so I want to make sure I understand the chart.

In the chart, the asterisk means any -- any of the asterisked items, that means that these are projects that the Corps wants to close out and that there is no specific construction amount for it, but it's whatever will be closed out on the project.

MR. WOODLEY: That's correct. Those are highly meritorious projects that are -- that have been in the past supported by the President and supported in the Corps' budget and because of our desire to focus and concentrate on funding on the very highest performing projects and lining up performance advancement goals, those have not been able to be supported for the appropriate level of funding.

They may be considered for suspension. By which I mean -- once again, we're talking about activities will take place between seven and 19 months from now.

Each project will be individually considered as to whether the most efficient and economical course of action will be to terminate the contracting activity and pay whatever costs are associated with that or continue its contracted activity to completion -- and then the most economical of those would be chosen for each individual project.

MS. RADELAT: So if the project is nearing completion and nearly finished and in the early stages, you'll finish it but if it's in the early stages --

MR. WOODLEY: That's correct, we finish the contract. Not necessarily the project.

If a project has multiple contracts, then you're not necessarily going to say the same thing, you say finish the contract, don't finish the project.

MS. RADELAT: Right. But, of course, this had been attempted before and then the Congress gets in the act.

MR. WOODLEY: Surely not.

MS. RADELAT: How much -- what was -- how much more than your budget last year did Congress -- how much more than the President's request?

MR. WOODLEY: Seven to \$800 million more last year.

MS. RADELAT: Thank you.

MS. SANDERS: That will conclude the press conference. We will have a transcript posted tomorrow. If -- tomorrow afternoon.

If you're interested in learning more about the media availability on Katrina updates, please see me or a member of my staff, and thank you again for coming out.

(The above press conference was concluded at approximately 4:04 p.m.)